

Mr. ELLIS. That generally is correct; yes. I do not get the impression that the administration is in favor of seeing profits rise. They seem to apologize for them, when profit rates go up.

Certainly there is no outstanding program that would stimulate a profit rise. When businessmen come to Washington to talk about profit, the reception is not very favorable.

Senator BUSH. I would like to ask the gentleman from Michigan one question if I still have the time.

You spoke about the gradual release of the tax brake. Would you amplify that a little bit?

Dr. SURRIS. By this I mean, sir, that I am not certainly sure myself how large a tax reduction would be needed to stimulate the demand that I think is needed for the growth that we ought to get from our economy. I would recommend, therefore, that we proceed with reasonable caution, but with all due dispatch.

I would suggest, therefore, a tax reduction in the neighborhood of \$5 billion. I do not believe that this is adequate for the purpose but I proposed reducing a little at a time. If this \$5 billion proves to be inadequate, we should follow with another \$5 billion.

Senator BUSH. With the prospects of a tax reform bill, a general sweeping reform of our whole tax structure, being fairly good, I think, for next year, do you think we ought to release the tax brake, as you say, right now, rather than wait until we can do a comprehensive overhaul job on our tax structure in the light of extensive studies by the Treasury and by the House Ways and Means Committee?

Dr. SURRIS. This is, of course, a problem of political procedure in which I am by no means competent.

Surely, if we could, tomorrow, bring in a completely reformed tax structure, with generally reduced tax rates, this would be something that everyone would be in favor of. But we must probably wait a year for a tax reform bill to get through hearings and through the Congress. I would think it would be better to proceed at once to reduce taxes within the context of the existing tax structure and then make the reform later within the new level of rates.

Senator BUSH. My time is up.

Chairman PATMAN. Mr. Reuss?

Representative REUSS. Mr. Chairman, all the witnesses appear to agree that this country's rate of national growth has continued at the unsatisfactory 3-percent rate which it achieved during the 8 years of the Eisenhower administration. I commend our Republican colleagues for being alarmed about this, and I join with them in thinking that this merits consideration by the Joint Economic Committee.

I would like to call the attention of the panel to the July 1962 issue of the U.S. Department of Commerce publication, Business Cycle Developments. I think you all have a copy in front of you.

The leading indicators shown on page 5 have turned downward in the last month or two. The average workweek has gone down. The rate of new hirings in manufacturing has gone down. In all industry, it has gone down. The layoff rate is higher. The average weekly unemployment compensation claims have increased.

I notice that these changes also preceded the 1949, 1953, 1957, and 1960 recessions. I am disturbed at the similarity in the movements